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PRINCE EDWARD ISLAND
CANADA

MARKETING COUNCIL

FARM CENTRE
420 UNIVERSITY AVENUE
P.O. BOX 2000
CHARLOTTETOWN C1A 7N8
TELEPHONE: 368-5652

January 31, 1990

Hon. Keith Milligan
Minister of Agriculture
11 Kent Street
Charlottetown, P.E.I.
C1A 7N8

Dear Mr. Milligan:

I have the honor to submit herewith the operations report of the P.E.I. Marketing Council for the 1989 calendar year.

Council's financial report for the 1988-89 fiscal year is amalgamated with the financial report of the Department of Agriculture as Council's annual allocation is provided through the Department.

Respectfully submitted,

J.G. Gaudin
Chairman

P.E.I. Marketing Council

CHAIRMAN:	Joseph Gaudin
MEMBERS:	Chessel Irving
	Danny MacKinnon
	John MacKinnon
	Stephen Rogers
	Eldred Simmons
	Brian Thompson
	Wally Wood
GENERAL MANAGER:	Paul Jelley
SECRETARY:	Ivan MacArthur

On January 1, 1989, the Canada - U.S. Trade Agreement came into effect. The impact of the agreement is not clear although the U.S. decision to place a countervail duty on hogs does raise some concern. This decision is currently subject to appeal to trade panels established pursuant to the Trade Agreement and the General Agreement on Tariffs and Trade (G.A.T.T.) The benefits that may have accrued to produce exporters as a result of tariff reduction was offset somewhat by the strengthened Canadian dollar on international currency markets. After only one year, it is still too early to assess the impact of the agreement on Canadian agriculture generally and Island agriculture in particular.

After the signing of the Canada - U.S. Trade Agreement, attention began to focus on the Uruguay round of the G.A.T.T. negotiations. Interest in these negotiations became heightened after the 1989 G.A.T.T. panel ruling on ice cream and yogurt. The ruling held that Canada's import restrictions on ice cream and yogurt ran counter to the G.A.T.T. rules. The Canadian government has accepted the G.A.T.T. decision; however, the decision will not be acted upon until completion of the current G.A.T.T. negotiations.

Article XI of the current G.A.T.T. agreement, which permits import controls for supply-managed commodities, has been the center of some debate. Some countries, particularly the U.S., feel its existence runs counter to more liberalized international trade. Those who favor Article XI argue its existence is integral to supply-managed systems which do not contribute to international commodity surpluses.

In light of the G.A.T.T. decision on yogurt and ice cream, representatives of Canada's supply-managed commodities want Article XI clarified and strengthened. The Canadian government has also adopted this position. The negotiations are expected to be completed by the end of 1990. Council will continue monitoring the Canada - U.S. Trade Agreement and the G.A.T.T. negotiations in 1990.

CATTLEMEN'S ASSOCIATION

The Cattlemen's Association continued to be active as a commodity group under the Natural Products Marketing Act (1969). In December, 1989, the Association requested that Council approve amendments to its by-laws which would change the Association's year end from December 31 to October 31 of each year and change its annual meeting date from before March 31 to before December 31 of each year. Council will be considering the request early in the new year.

CHICKEN

1989 remained a successful year for the Island chicken industry with broiler production being approximately 1.2 million kilograms eviscerated. A keen interest remains on the part of those wishing to enter the industry when market opportunities permit.

In 1989, Council turned responsibility for administering the Poultry Meat Commodity Marketing Board over to producers. The Board reached an arrangement with the Tobacco Marketing Board whereby it has access to administrative services.

EGGS

The Canadian Egg Marketing Agency experienced a difficult year in 1989. The Agency found that it was accumulating significant debt as a result of escalating costs in its surplus removal program. Through a combination of levy increases and restraint measures, the Agency's debt situation appeared to be improving at year end. Council, as well as the P.E.I. Egg Board, is carefully monitoring the situation.

HOGS

1989 was a year of change in the hog industry. The Island industry transferred from the provincial hog stabilization plan to the national hog stabilization plan in 1989. The hog industry also had to contend with the U.S. government's decision to impose countervail duties on hogs exported into the U.S.

MILK

Council, as the body responsible for the fixing of fluid milk prices in the Province, increased the per litre producer, wholesale and home-delivered price by four cents effective January 1, 1990. Of this increase, the producer received 2.5 cents and the processor 1.5 cents. Prince Edward Island prices continue to be lower than those of its sister Maritime Provinces. Council bases its pricing on cost-of-production and processing studies. In the interval between studies, it uses Statistics Canada data to update its information. Council intends to conduct a new cost of production and processing study in early 1990.

PEDIGREED SEED

In 1989, the Pedigreed Seed Commodity Marketing Board did not exercise any of its powers. The Board continues to hold meetings on a periodic basis.

PLANT TISSUE CULTURE COMMISSION

This Commission remains relatively inactive; but, as the marketing of strawberry plants has increased through tissue culturing, the Commission views its regulatory authority important in ensuring importing countries of the rigidity of our quality-control program.

POTATOES

In 1989, the legality of the December 9, 1988, plebiscite on the establishment of a potato board remained before the courts. Council appealed the March 15, 1989, decision of Justice C.R. McQuaid which held the plebiscite to be invalid. The Appeals Division of the Supreme Court of Prince Edward Island heard Council's appeal on November 30 and December 1, 1989. A decision is expected early in the new year.

The composition of the Potato Marketing Commission was altered somewhat in 1989. The Commission appointed four persons who in combination with three commissioners form an Executive Committee responsible for administering the affairs of the potato industry. The Committee consists of six producers and one non-producer.

TOBACCO

The Tobacco Transition Adjustment Program entered its third year in 1989. The program is aimed at retiring tobacco production while allowing those who remain in the industry to maintain viable operations. In 1989, a total of 633.2 acres of production were retired under the program.

VEGETABLE COMMODITY MARKETING BOARD

Although still in existence, this board is inactive and has been for approximately a decade.

GENERAL

In 1989, Council was approached by the Greenhouse Growers' Association with respect to the development of a commodity board plan. Council staff is assisting the Association in the development of a plan.

During 1989, Council and its staff also performed its routine duties such as conducting mail elections for commodity boards, and providing general supervision over boards, commissions and commodity groups.

NATURAL PRODUCTS APPEALS TRIBUNAL

ANNUAL REPORT

During fiscal year 1989, the Appeals Tribunal received four notices of appeals. All of the appeals were in the dairy commodity and all were heard and decisions rendered. The Appeals Tribunal was comprised of:

Wayne Beaton, Chairman

Danny Walker

Isobel Campbell